

ESTTA Tracking number: **ESTTA242644**

Filing date: **10/14/2008**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92047013
Party	Plaintiff NeTrack, Inc.
Correspondence Address	Carl Oppedahl Oppedahl Patent Law Firm LLC P.O. Box 4850 Frisco, CO 80443-4850 UNITED STATES docket-oppedahl@oppedahl.com
Submission	Motion to Strike
Filer's Name	Terrence M. Wyles
Filer's e-mail	docket-oppedahl@oppedahl.com
Signature	/s/
Date	10/14/2008
Attachments	2008-10-14-FINAL-DRAFT-BODY-NTER-i007-Updated-Motion-to-Strike.pdf (11 pages)(71283 bytes) 2008-10-14-FINAL-DRAFT-EXHIBIT-A-Redacted-20081003-UTO-LetterToMrAnderson.pdf (3 pages)(92975 bytes) 2008-10-14-FINAL-DRAFT-APPDIX-A-NTER-i007-Updated-Motion-to-Strike.pdf (1 page)(16465 bytes) 2008-10-14-FINAL-DRAFT-CERT-OF-SRV-NTER-i007-Updated-Motion-to-Strike.pdf (1 page)(12124 bytes)

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In re Registration No. 3,064,820
Mark: NETTRAK
Registered March 7, 2006

Netrack, Inc., Petitioner)	
)	
v.)	Cancellation No. 92047013
)	
Internet FX, Inc., Registrant)	
)	

Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451

PETITIONER’S SECOND MOTION TO STRIKE

The Petitioner, NeTrack, Inc. (hereafter referred to as “Petitioner”) moves to strike the portions of the Registrant, Internet FX, Inc’s¹ (hereafter referred to as “Registrant”) “Motion to Reopen Discovery Period and Reset Testimony and Trial Periods; Supporting Declaration of Britt L. Anderson”, TTAB Paper 20, (hereafter “Registrant’s Second Motion to Reopen Discovery”), as indicated in Appendix A and filed on September 25, 2008. In addition, the Petitioner reasserts its First “Motion to Strike” filed on September 19, 2007, which the Board did not previously rule on the merits on based on the Board’s position that said Motion to Strike was “moot” after the Registrant withdrew its “Motion to Reopen Discovery Period and Reset Testimony and Trial Periods; Supporting Declarations of Laura M. Franco and Christine Klenk”, TTAB Paper 8, (hereafter “Registrant’s First Motion to Reopen Discovery”), as indicated in

¹ The listed Registrant for the mark NETTRAK has changed since the institution of this cancellation proceeding. Two assignments have been recorded to attempt to assign registration in the mark NETTRAK from Internet FX, Inc. to NetTrak Lead Manager Solutions, Ltd., which may be a subsidiary of Internet FX, Inc. For the purposes of this Motion, all references to the Registrant are intended to refer to whoever actually holds title to the mark NETTRAK.

Appendix B and filed on August 30, 2007. Unfortunately, the inappropriate disclosures of highly confidential information pertaining to settlement negotiations remain in the public record and must still be stricken.

The Petitioner hereby reasserts and incorporates all arguments within its First Motion to Strike for the purpose of arguing for striking all confidential settlement information from the record, and further offers the following arguments regarding the Registrant's Second Motion to Reopen Discovery:

Registrant Deliberately Violated a Written Agreement With the Petitioner Not to Introduce Confidential Settlement Information into the Record.

The Registrant deliberately violated a written agreement not to offer confidential settlement information in any forum for any purpose. The Registrant's improper disclosure of confidential settlement information also greatly violates an important public policy, which is to encourage settlement of case as discussed further below. Exhibit A contains a copy of an October 3, 2008 letter to Registrant's counsel (sent via facsimile transmission and via Federal Express courier) concerning this matter. That letter also contains as an attachment a copy of an e-mail from Registrant's counsel dated October 1, 2007 that clearly shows that Registrant's counsel agreed to not disclose confidential settlement information for any purpose. Exhibit A has been redacted to not unnecessarily disclose confidential information.

The Registrant's Second Motion to Reopen Discovery and its supporting declarations memorialized evidence of conduct and statements made during settlement negotiations that occurred between the parties in an effort to resolve this trademark controversy. The inclusion of the confidential settlement information within the Registrant's Second Motion to Reopen Discovery is a violation of Federal Rules of Evidence 401 and 403, and is against public policy behind Federal Evidence Rule 408. If confidential information in settlement negotiations were to

be afforded no protections, it necessarily follows that parties would be less willing to risk engaging in good-faith, open-dialog settlement negotiations. This public policy to encourage settlement negotiations is shared by the Board, as discussed in TBMP § 605.01.

The record is now tainted with confidential information that goes toward the merits of the cancellation proceeding and relief sought therefrom.

The Disclosure of Confidential Settlement Information Does Not Support the Registrant's Claim of "Excusable Neglect" in Its Second Motion to Have Discovery Reopened.

Reopening a discovery period requires a showing of "excusable neglect". The factors used to determine whether there is "excusable neglect" are set forth by the Supreme Court in *Pioneer Investment Services Company v. Brunswick Associates Ltd. Partnership*, 507 U.S. 380 (1993), adopted by the Board in *Pumpkin Ltd. V. The Seed Corps*, 43 USPQ2d 1582 (TTAB 1997). Those factors include: (1) the danger of prejudice to the nonmovant; (2) the length of delay and its potential impact on judicial proceedings; (3) the reason for the delay, including whether it was within the reasonable control of the movant; and (4) whether the movant acted in good faith. TBMP § 509.01(b).

It should be noted that the *only* factor in the Registrant's Second Motion to Reopen Discovery that the Registrant attempts to support with the confidential settlement information is factor 3, which is the reason for delay, *including whether it was within the reasonable control of the movant*. The reasons that the Registrant gives for the delay is (1) The Registrant believed that the case would settle and (2) the Petitioner did not explicitly inform the Registrant that the Petitioner was going to serve discovery requests prior to doing so near the end of the discovery period. Regarding reason (1), the Registrant seems to blame the Petitioner for the simple fact that the two parties were unable to terms to form a written agreement. However, it was the *Registrant* that *intentionally* failed to initiate or conduct any discovery during the six-month

discovery period, which necessitated the Registrant's filing of its Second Motion to Reopen Discovery. Regarding reason (2), the Registrant seems to assign a duty to the Petitioner where the Petitioner is somehow required to remind the registrant of information that the Registrant already had — that the discovery period was still running and because negotiations were not going well, it would be prudent to engage in discovery processes or motion the Board to suspend the proceeding.

Confidential Settlement Information Presented by the Registrant's Second Motion to Reopen Discovery Violates Federal Rule of Evidence 401.

Federal Rule of Evidence 401 is:

Definition of "Relevant Evidence": "Relevant evidence" means evidence having any tendency to make the existence of any fact that is of consequence to the determination of the action more probable or less probable than it would be without the evidence.

None of the confidential settlement information included in the Registrant's Second Motion to Reopen Discovery made the existence of any fact more probable or less probable than it would have been without the confidential information.

The Registrant Appears to Have Published the Confidential Settlement Information to Attempt to Establish the Registrant's Belief That the Case Would Settle.

Until an actual, signed document exists, or at least oral statements from both parties are made stating that they completely agree to all terms within a document (without any additions), one would be foolish to ignore important dates, such as the end of a discovery period, because of a hunch that settlement was imminent. *Nowhere* in the confidential settlement information included in the Registrant's brief is there any evidence to support the existence of a signed settlement agreement or that there was a true "meeting of the minds", where both parties orally agreed to all terms within a document without any additions. At best, the only value that the

confidential settlement information could possibly have had was to show that settlement discussions were going on throughout the discovery period. However, it is absurd to suggest that an entire record of confidential settlement negotiations would need to be published to show that settlement discussions were going on during the discovery period. Of course, settlement negotiations were going on. It is a matter of professional responsibility for attorneys to constantly have settlement discussions going on. Likewise, if preliminary settlement discussions indicate a likely “meeting of the minds”, then a prudent attorney would move the Board to suspend the proceeding before it. The Registrant did not move for said suspension, nor did the Petitioner, which is indicative of a gulf between the two parties.

The confidential settlement information did not make the fact that settlement was being discussed any more probable or less probable than it would have been without providing confidential settlement information. Therefore, it was irrelevant under Federal Evidence Rules 401 and should be stricken from the record. In addition, the confidential settlement evidence should be stricken because it did not provide any fact of consequence indicating that settlement was imminent.

The Registrant Appears to Have Published the Confidential Settlement Information to Support the Notion That the Petitioner Has a Duty to Explicitly Inform the Registrant That Was Going to Serve Discovery Requests, Prior to Doing So, Near the End of the Discovery Period.

To start with, the Petitioner has no duty to ensure that the Registrant is adequately protecting the Registrant’s own interests, especially since the Registrant had multiple options available to preserve said interests: First, the Registrant could have moved the Board to suspend the proceedings if there had been any real prospect for settlement; however, even as Section B of the Registrant’s Second Motion to Reopen Discovery acknowledges and inappropriately publishes, the Petitioner had communicated that there was “too big a gap” between the positions of the parties. Therefore, it was unreasonable for the Registrant to act in any reliance on the

prospect of a settlement that was improbable, and certainly not imminent. Secondly, it was within the Registrant's power to initiate discovery requests, the ongoing settlement discussions notwithstanding.

In any event, the fact that the Petitioner did not take steps to ensure that the Registrant was paying attention to various deadlines has no relevance because it would not be a fact of consequence under Federal rule of Evidence 401. There is no duty under the rules of discovery to provide the other party notice regarding whether or not discovery request service is planned. Hypothetically, in a case where one party allegedly promised another party during settlement discussions that it would not serve discovery requests and then did so anyway, there *might* be a somewhat justifiable reason to bring that single statement into the record. However, even that scenario would not justify disclosing the entirety of the confidential settlement discussions.

In the present controversy, *at no time* during the confidential settlement discussions did the Petitioner tell the Registrant that the Petitioner would not conduct discovery. Therefore, the confidential settlement information should not be allowed to be published into the record for purposes of supporting the fact that the Petitioner did not explicitly inform the Registrant of any specific plans the Petitioner may have had to conduct discovery. Moreover, it is unreasonable for the Registrant to assume that the Petitioner would not engage in discovery absent an explicit agreement to refrain from doing so.

Confidential Settlement Information Presented by the Registrant's Second Motion to Reopen Discovery Violates Federal Rule of Evidence 403.

Federal Rule of Evidence 403 is:

Exclusion of Relevant Evidence on Grounds of Prejudice, Confusion, or Waste of Time: although relevant, evidence may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion or the issues, or misleading the jury, or by considerations of undue delay, waste of time, or needless presentation of cumulative evidence.

Even if the confidential settlement information disclosed by the registrant's Motion were "relevant" under Federal Rule of Evidence 401, it should be excluded under Federal Rule of Evidence 403. The danger of unfair prejudice to the Petitioner due to the tainting of the record with confidential settlement information substantially outweighs any probative value that the Registrant would gain in using the confidential documents in support of the Registrant's Second Motion to Reopen Discovery. Allowing the confidential settlement information to remain on the record will irreparably harm the Petitioner in not only this controversy, but in future controversies or enforcement activities that the Petitioner may be involved in by having private settlement information made public in the record of this cancellation proceeding.

It was not necessary to use the confidential settlement information to show that settlement discussions were going on throughout the discovery period. The Registrant could have simply stated that fact without introducing the information that would taint the record. If the registrant truly believed that further support was needed, the Petitioner would have been more than willing to stipulate to the fact that settlement discussions were indeed occurring during the discovery period. Moreover, the Petitioner would have been willing to stipulate that the Petitioner served discovery requests on the Registrant without first warning the Registrant that the Petitioner had the intention on actually prosecuting its cancellation proceeding according to the rules of the Trademark Trial and Appeals Board. Instead of requesting said stipulations, and in violation of an agreement with the Petitioner not to make any further unauthorized disclosures of confidential settlement information, the Registrant opted to unnecessarily taint the record of this cancellation proceeding with confidential settlement information.

It is difficult to conceive of any legitimate motive for taking the drastic step — not once, *but twice* — of prejudicing the record with confidential settlement information when the only useful factual support provided by the information was: (1) that settlement discussions took place during the discovery period, and (2) that one party did not explicitly inform the other party

that it was continuing its prosecution of the cancellation proceeding according to the schedule set by the Board, and serving discovery requests.² No further disclosure would even be remotely justified because the probative value of the evidence provided in the confidential settlement information is greatly outweighed by the danger of unfair prejudice and confusion of issues, and/or the confidential settlement information represents a needless presentation of cumulative evidence that settlement discussions took place during the discovery period.

Confidential Settlement Information Presented by the Registrant's Second Motion is Against the Public Policy Behind Federal Rule of Evidence 408 and TBMP § 605.01.

Federal Rule of Evidence 408 is:

(a) Prohibited uses. — Evidence of the following is not admissible on behalf of any party, when offered to prove liability for, invalidity of, or amount of a claim that was disputed as to validity or amount, or to impeach through a prior inconsistent statement or contradiction: (1) furnishing or offering or promising to furnish or accepting or offering or promising to accept a valuable consideration in compromising or attempting to compromise the claim; and (2) conduct or statements made in compromise negotiations regarding the claim, except when offered in a criminal case and the negotiations related to a claim by a public office or agency in the exercise of regulatory, investigative, or enforcement authority. Permitted uses. — This rule does not require exclusion if the evidence is offered for purposes not prohibited by subdivision (a). Examples of permissible purposes include proving a witness' bias or prejudice; negating a contention of undue delay; and providing an effort to obstruct a criminal investigation or prosecution.

The public policy behind Federal Rule of Evidence 408 is to encourage settlement discussions by taking away the fear that statements made during those discussions will later be disclosed publicly or to the case decision maker in a way that would influence the outcome of a case. Indeed, it is often the situation where the final settlement agreement is kept confidential as well. One reason for the fear is that settlement, more often than not, occurs because the parties

² It appears to the undersigned that the Registrant's counsel's *repeated* conduct of introducing confidential settlement discussions into the record may be considered to be conduct that is prejudicial to the administration of justice and is in violation of the United States Patent and Trademark Office Code of Professional Responsibility under 37 CFR § 10.23(b)(5). Indeed, the Petitioner's counsel explicitly warned the Registrant's counsel on multiple occasions not to do this.

do not want to incur the tremendous cost of litigation even though a particular party may have the law behind it and could ultimately win.

This public policy to encourage settlement negotiations is shared by the Board as discussed in TBMP § 605.01, which states, in relevant part:

A substantial percentage of the *inter partes* cases filed with the Board are eventually settled. The Board encourages settlement, and several aspects of Board practice and procedure, including its liberal discovery practice (see TBMP chapter 400) and its usual willingness to suspend proceedings in pending cases while parties negotiate for settlement serve to facilitate the resolution of cases by agreement.

Notably, the record shows that the Registrant never moved for a suspension of proceedings while it conducted settlement negotiations with the Petitioner.

As a result of the Registrant's improper disclosures of what, for all practical purposes, was nearly the entirety of the parties' confidential settlement discussions, there is no longer any chance that either party will speak frankly in a future settlement discussion for this case for fear that, should the case go forward, the case decision maker will be privy to the private settlement discussions. As a general proposition, a failure to at least mitigate damage already done by striking all confidential settlement information from the record, has the potential of chilling the present parties and parties in other proceedings from engaging in candid, good-faith settlement negotiations.

For the public-policy reasons behind both Federal Rule of evidence 408 and TBMP § 605.01 of encouraging settlement discussions, the confidential settlement information disclosed in the Registrant's Second Motion to Reopen Discovery and disclosed in the Registrant's First Motion to Reopen Discovery should be stricken from the record.

Conclusion

The decision to disclose confidential settlement information should not be taken lightly. In order to serve a client's best interest by maintaining an environment as conducive to

settlement discussions as possible, disclosing or even threatening to disclose confidential settlement information should only occur after all other means of introducing relevant facts to the record have been exhausted. Abuse of this fundamental principal should not be tolerated by the Board, as such conduct runs counter to the Board's stated policies.

In the present case, the Registrant improperly and repeatedly disclosed confidential settlement information into the record in violation of Federal Rule of Evidence 401, as it was irrelevant and did not make the existence of any fact of consequence more probable or less probable than it would have been without the confidential settlement information being disclosed. The improper and unjustified disclosure of confidential settlement information was also in violation of Federal Rule of Evidence 403, as its probative value was substantially outweighed by the danger of unfair prejudice to the Petitioner as well as confusion of issues, and/or it represents a needless presentation of cumulative evidence that settlement discussions took place during the discovery period.

WHEREFORE, for all of the reasons discussed herein, the Petitioner respectfully requests that the Board GRANT this Motion to Strike the portions of the Registrant's "Motion to Reopen Discovery Period and Reset Testimony and Trial Periods; Supporting Declaration of Britt L. Anderson" as indicated in Appendix A of this Motion to Strike, as well as the portions of the Registrant's "Motion to Reopen Discovery Period and Reset Testimony and Trial Periods; Supporting Declarations of Laura M. Franco and Christine Klenk" as indicated in Appendix A of the Petitioner's First Motion to Strike filed on September 19, 2007.

Respectfully submitted,

/s/
Terrence M. Wyles, Attorney
Colorado Reg. #39799

Attorneys for Petitioner: Carl Oppedahl
Jessica L. Olson
Terrence M. Wyles
P.O. Box 4850
Frisco, CO 80443-4850
Tel: +1 970 468-8600
Fax: +1 970 692-2203

OPPEDAHL PATENT LAW FIRM LLC
FRISCO, COLORADO

CARL OPPEDAHL
JESSICA L. OLSON
TERRENCE M. WYLES

TEL: + 1 970 468-8600
FAX: + 1 970 692-2203
WWW.OPPEDAHL.COM

By fax 415-291-7474
and Federal Express 7911 5502 7341

Britt L. Anderson, Esq.
Manatt, Phelps et al.
1001 Page Mill Road – Bldg 2
Palo Alto, CA 94304

Re: Cancellation Number 92047013

October 3, 2008

Dear Mr. Anderson:

We are in receipt of your Motion filed September 25, 2008.

We are shocked to see your failure to abide by your promise made on October 1, 2007. You promised that you will not seek to proffer our settlement discussions in any forum for any purpose. And we see all manner of settlement discussions published in your Motion just filed. A copy of your email message is attached for convenient reference.

We direct you to withdraw that Motion and to do whatever it takes to get the Motion stricken from the record. We direct you to file the withdrawal of the Motion, and your request that it be stricken from the record, by no later than close of business on Monday, October 6, 2008.

We trust you appreciate that if you fail to follow this direction, we will file a motion to strike and a motion for sanctions.

Sincerely,



Carl Oppedahl
Oppedahl Patent Law Firm LLC
counsel to NeTrack, Inc.

Subject: RE: NeTrack v. Internet FX (NETTRAK) (MPP 25908-072)

From: "Franco, Laura" <LFranco@manatt.com>

Date: Mon, 1 Oct 2007 11:55:14 -0700

To: "Carl Oppedahl" <carl2@oppedahl.com>

CC: "Hollander, Susan" <SHollander@manatt.com>

Carl-

[REDACTED], we agree that these settlement communications are not admissible for any purpose, and will not seek to offer them to any forum for any purpose.

Laura

-----Original Message-----

From: Carl Oppedahl [mailto:carl2@oppedahl.com]

Sent: Monday, October 01, 2007 11:11 AM

To: Franco, Laura

Cc: Hollander, Susan

Subject: Re: NeTrack v. Internet FX (NETTRAK) (MPP 25908-072)

I have duly passed along your two emails today to our client.

As I mentioned some days ago, based upon your past conduct, I cannot imagine our client will be comfortable responding in any way unless we can have your party undertaking and agreement that nothing in these settlement discussions will ever be admissible in evidence before any forum for any purpose. And that you will not seek to proffer these discussions to any forum for any purpose.

I imagined that this would mean you would spontaneously provide such an undertaking today with your emails. That did not happen, but I invite you to now to provide such an undertaking by email. If you do so, then I can provide it to our client [REDACTED]

Franco, Laura wrote on 10/1/2007 11:17 AM:

Carl-

[REDACTED]

[REDACTED]

[REDACTED]

IRS CIRCULAR 230 DISCLOSURE: To comply with requirements imposed by recently issued treasury regulations, we inform you that any U.S. tax advice contained in this communication (including any attachments) is not intended or written by us, and cannot be used by you, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another person any transaction or matter addressed herein. For information about this legend, go to http://www.manatt.com/uploadedFiles/Areas_of_Expertise/Tax_Employee_Benefits_and_Glo
#####

TRANSMISSION VERIFICATION REPORT

TIME : 10/03/2008 15:57
NAME :
FAX :
TEL :
SER.# : 000K7J139874

DATE, TIME	10/03 15:56
FAX NO./NAME	914152917474
DURATION	00:00:43
PAGE(S)	02
RESULT	OK
MODE	S.FINE ECM

APPENDIX A

Confidential Settlement Information to Be Stricken

In the matter of Cancellation Proceeding No. 92047013, the Petitioner respectfully requests the Board to strike the following from Registrant's "Motion to Reopen Discovery Period and Reset Testimony and Trial Periods; Supporting Declaration of Britt L. Anderson":

- Page 1, second paragraph, Lines 2-4, starting with "Petitioner..." and ending with "terms for settlement..."
- Page 2, first paragraph, Lines 1-2, starting with "Despite..." and ending with "...agreement."
- Page 2, second paragraph, Lines 1-2, starting with "...the parties..." and ending with "...settling the matter."
- Page 2, third paragraph, Lines 6-10, starting with "On or about..." and ending with "...for review."
- Page 3, first paragraph, Lines 3-5, starting with "...to obtain Petitioner's..." and ending with "...co-existence agreement."
- Page 3, first paragraph, Lines 6-5, starting with "On August 3, 2007,..." and ending with "...new issue."
- Page 4, second paragraph, Lines 1-13, starting with "...on September 10, 2008,..." and ending with "...further advice."
- Page 6, second paragraph, Lines 2-12, starting with "...Registrant's good faith belief..." and ending with "...derail settlement."
- Page 7, first paragraph, Lines 2-6, starting with "Registrant reasonably..." and ending with "...concluding negotiations."
- Page 7, second paragraph, Line 3, starting with "Based on Registrant's..." and ending with "...imminent..."
- Declaration of Britt L. Anderson, Page 1, numbered paragraph 5, starting with "...regarding potential settlement..." and ending with "...his review."
- Declaration of Britt L. Anderson, Page 1, numbered paragraph 6, starting with "...attempted on..." and ending with "...proposed terms."
- Declaration of Britt L. Anderson, Page 1, numbered paragraph 7, starting with "...waiting for..." and ending with "...draft co-existence agreement..."
- Declaration of Britt L. Anderson, Page 2, numbered paragraph 8, starting with "On August 2, 2003..." and ending with "...previously discussed..."
- Declaration of Britt L. Anderson, Page 2, numbered paragraph 9, in its entirety.
- Declaration of Britt L. Anderson, Page 2, numbered paragraph 12, starting with "...an attempt to reinitiate..." and ending with "...the draft agreement."
- Declaration of Britt L. Anderson, Page 2, numbered paragraph 13, in its entirety.
- Declaration of Britt L. Anderson, Page 3, numbered paragraph 14, in its entirety.
- Declaration of Britt L. Anderson, Page 3, numbered paragraph 15, in its entirety.

